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Public-Public and Public Private Partnerships in Transportation

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Public-Public and Public-Private Partnerships in Transportation

ERAU College of Business,
Daytona Beach

The Business of Flight® The Business of Space

Presented by:
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Introduction

Graduate students at Embry-Riddle Aeronautical University (ERAU), Daytona Beach, FL partook in a research effort for the National Aeronautics and Space Administration (NASA) Kennedy Space Center (KSC), examining partnerships in real property. The students researched relevant public-private partnerships (PPPs) and public-public partnerships (PuPs) in space, air, rail/road, sea, and utilities--nationally and globally.

Partnerships Defined

Definition:

Public-private partnership (PPP) is a contractual agreement between a public agency (federal, state, or local) and a private sector entity with shared duties, risks, and rewards of providing a service in which the government has an interest (Barnes & Meiburg, 2008). There are typically three key stakeholders: the public agency, the private sector, users. Similar in nature, a public-public partnership (PuP) is a contractual agreement between 2 or more public agencies.

Every PPP and PuP is unique to its own purpose.

Methodology

Information was gleaned from publications, government websites, company websites, news/media sources, paper publications, conference proceedings, and other reputable sites available online.

- Regions investigated: North America, Europe, Asia, South America and Oceania

Data Collection Challenges

- Lack of empirical data
- Restrictions of sensitive and/or proprietary materials
- Lack of reliable language translations
- Conflicts in reporting
- Lack of information on unsuccessful partnerships



Risks

PPP Risks for the Public Agency:

- Lack of ability to control costs ; incorrect calculations
- Public-private cooperation is mostly based on complicated negotiations
- Public partners may experience a reduction in control and influence at the local level
- The public interest may not be best served in the partnership
- Reduction in government competencies
- Unequal distribution of risk between partners

PPP Risk Mitigation for the Public Agency:

- Ensure robust definition of scope in terms of outputs, interfaces and processes
- Condition of existing infrastructure and operational interfaces captured
- End-users and operators involved at the earliest stage and committed
- Define investment based on system level/life cycle needs
- Assess risks in delivery time frame, scope of supply and external constraints; communicate risks clearly
- Assess ability to manage the risk and the ability to manage the consequences
- Link acceptance process to project goals
- Determine form of cooperation, the procedural steps, and arrangements based on unique situation
- Prevent domination of relationship by the profit-focused private partner
- Remember that the public partner's responsibility to the project will always continue

Data Analysis

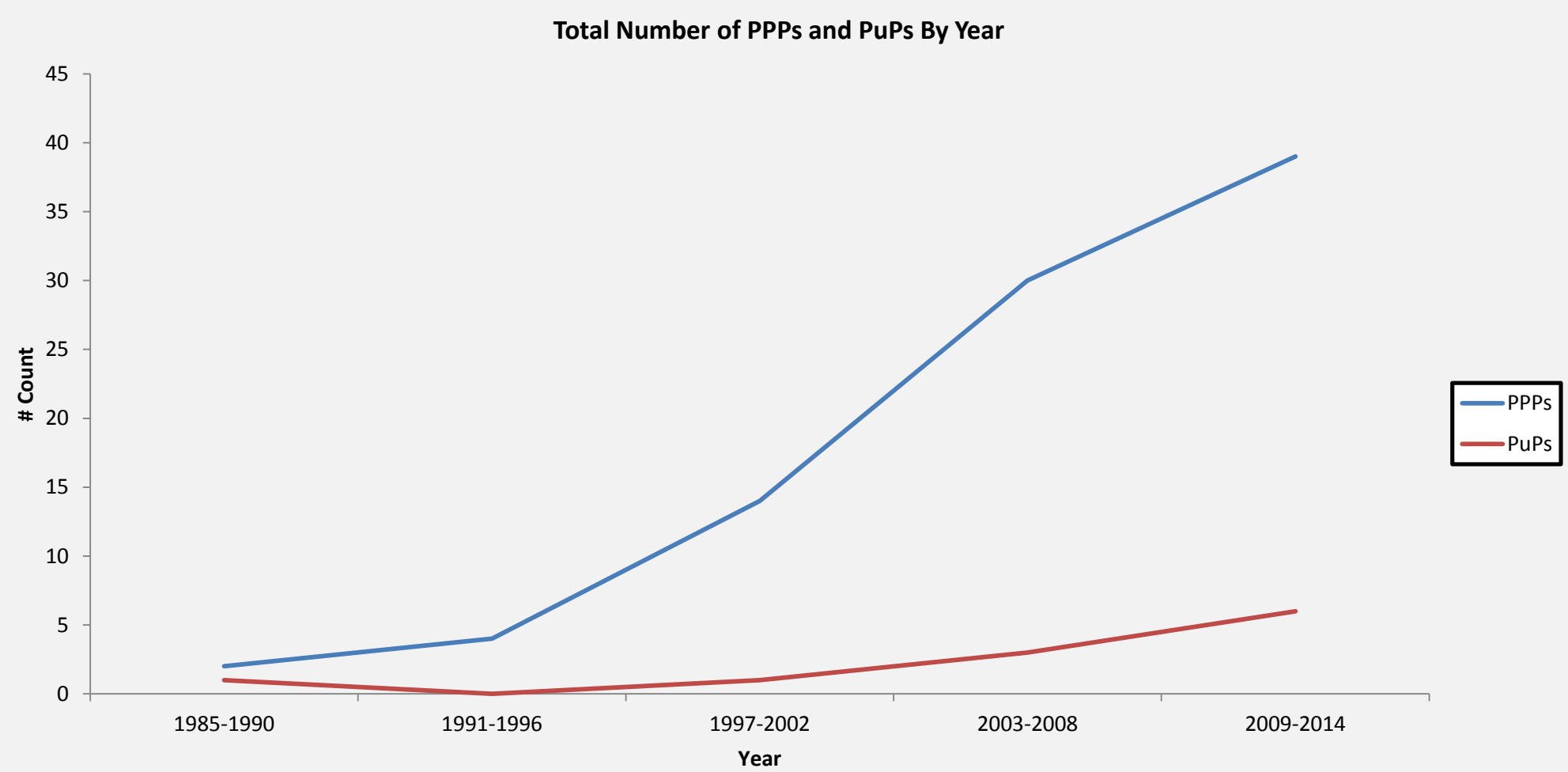


Figure 1: Total Number of PPPs and PuPs by Year

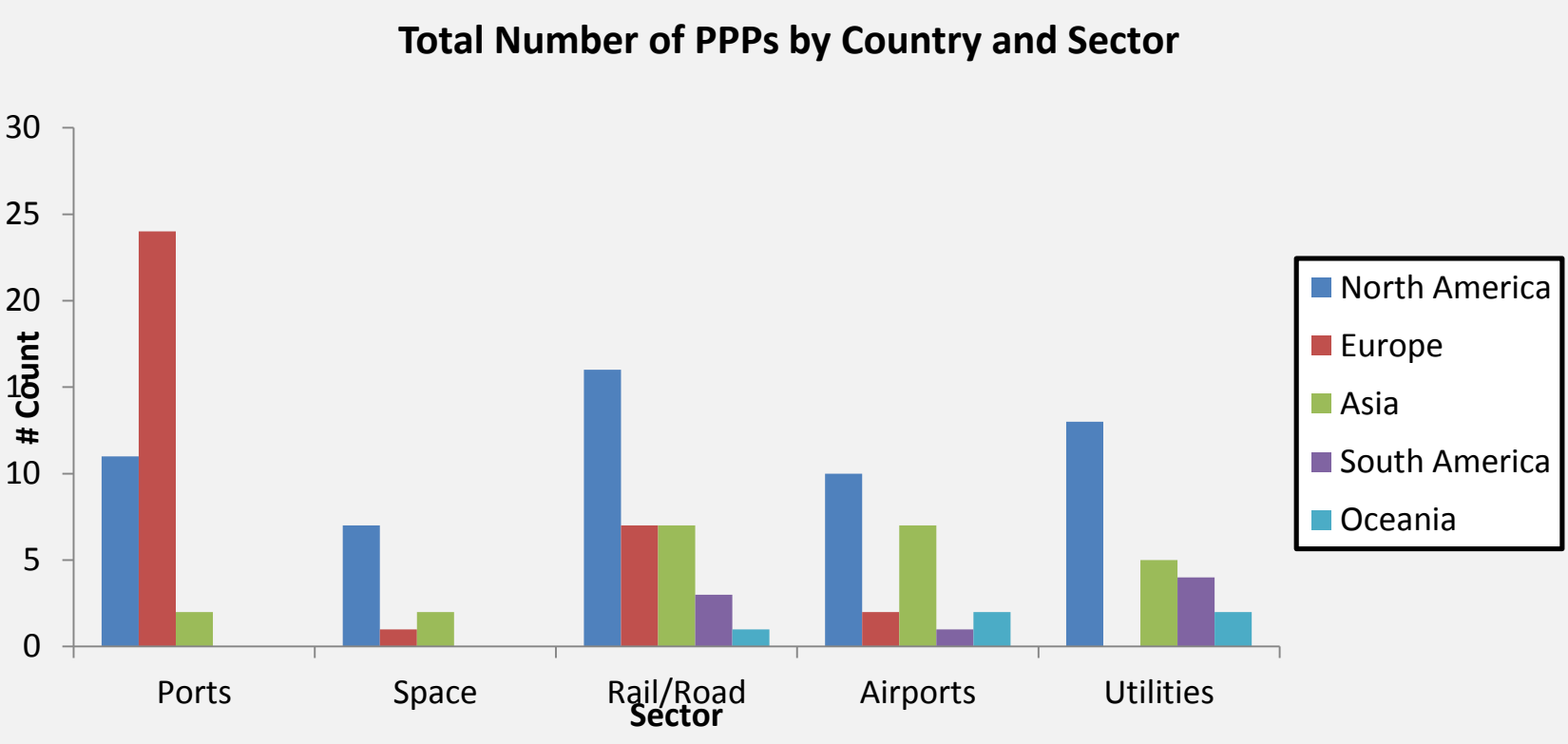


Figure 2: Total Number of PPPs by Country and Sector

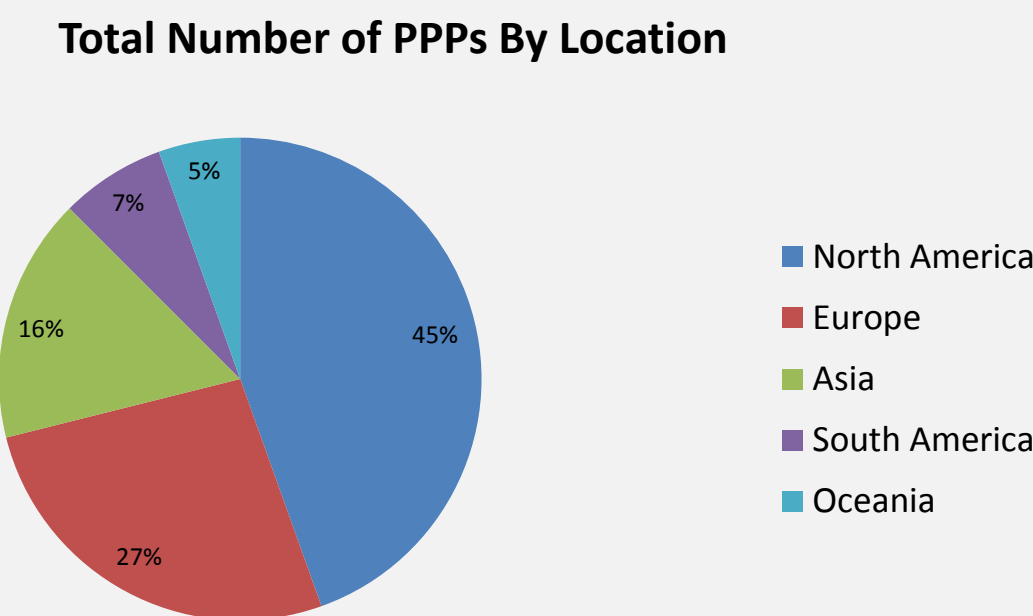


Figure 4: Total Number of PPPs By Location

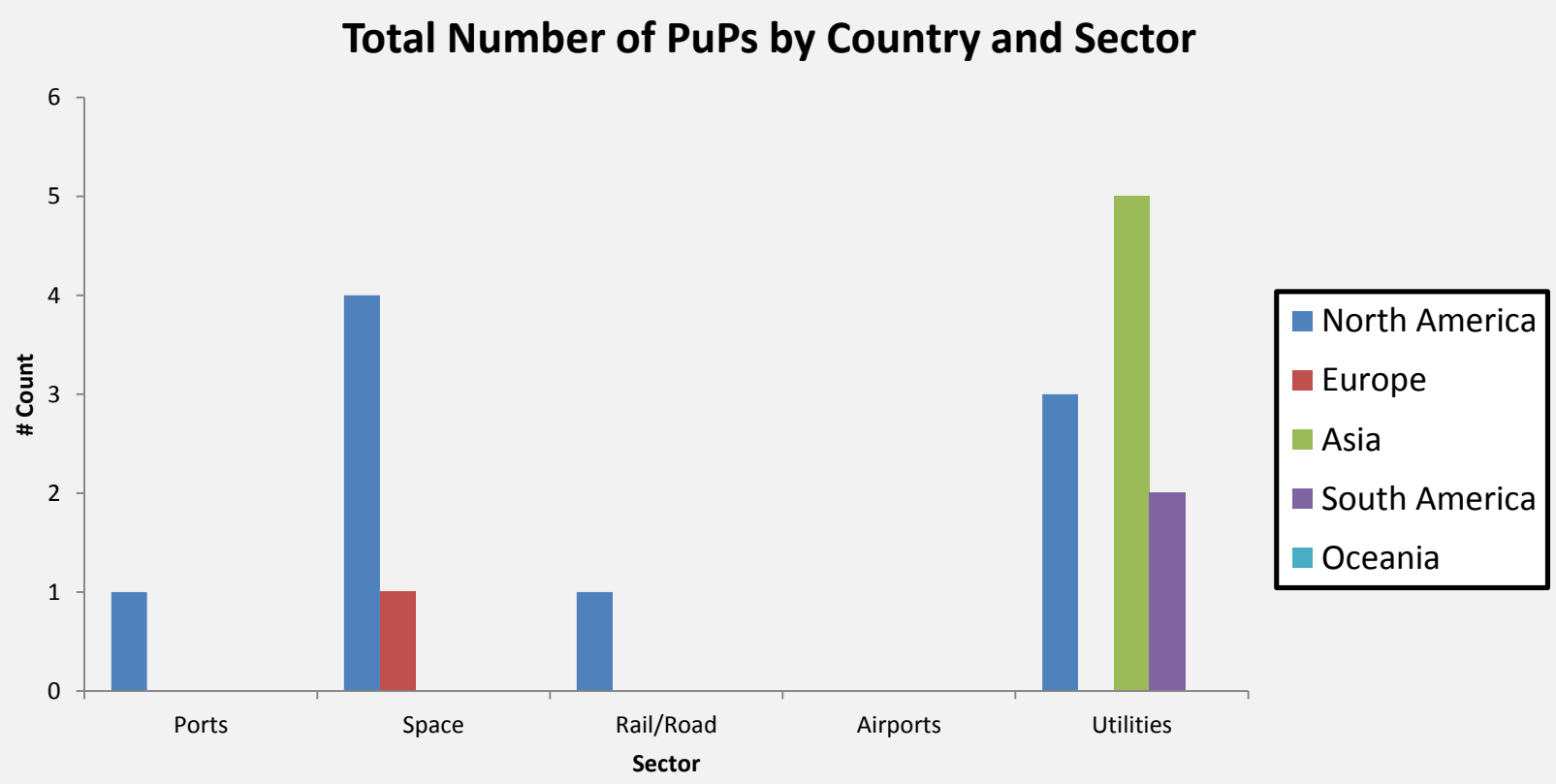


Figure 3: Total Number of PuPs by Country and Sector

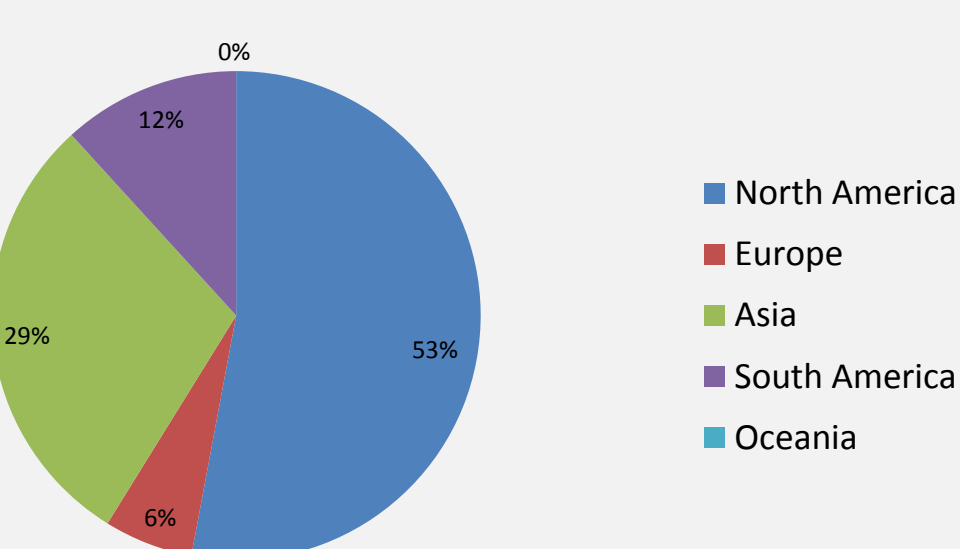


Figure 5: Total Number of PuPs By Location



PPP Types

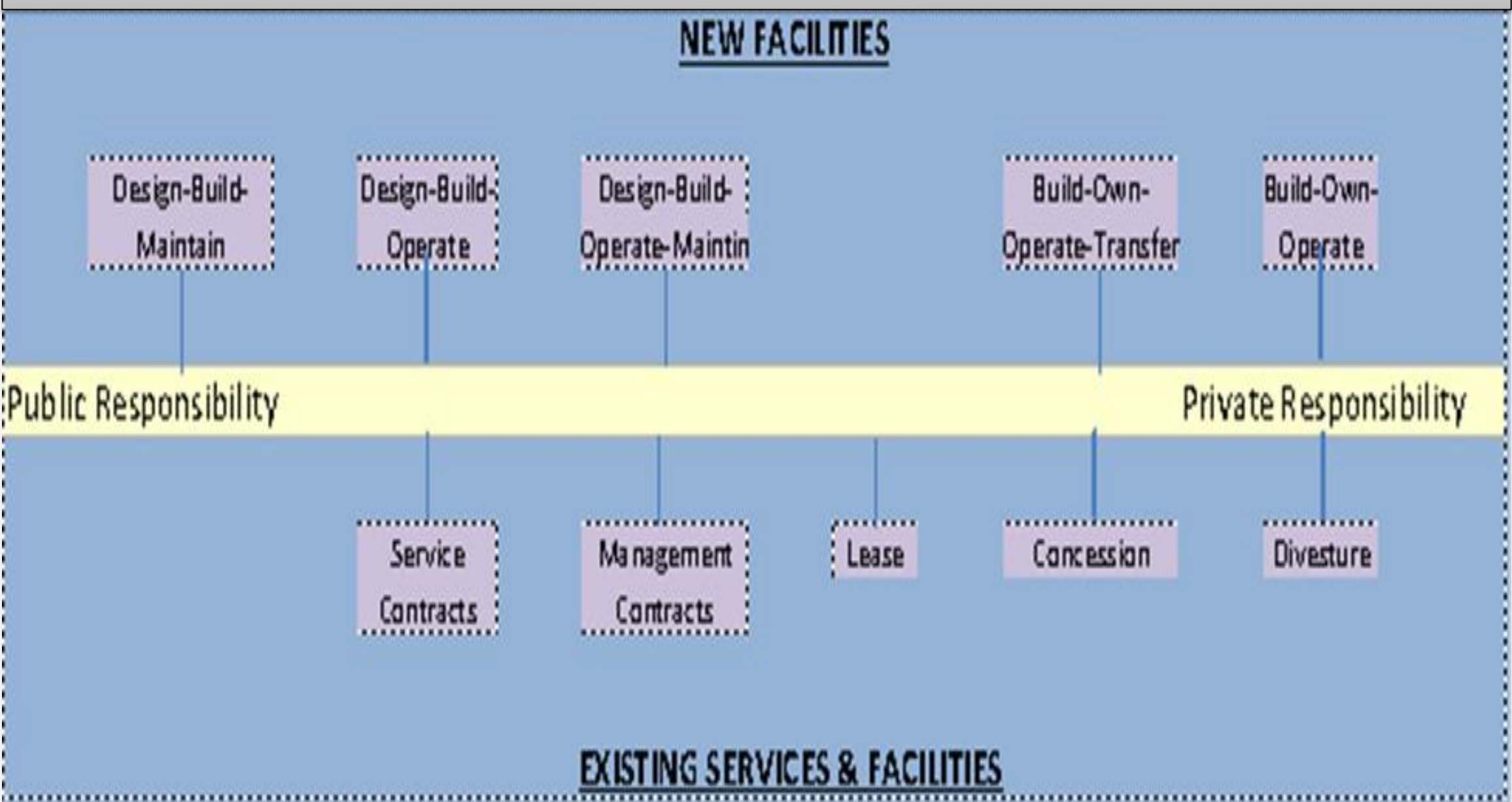


Figure 6: PPP Types; Deloitte, 2006

Results

- PPPs outnumber PuPs by 127 to 17.
- The majority of PPPs and PuPs occurred between the years 2009-2014.
- The majority of PPPs are in North America, specifically in the United States. The majority of PPPs in the United States are in the utilities sector.
- The United States accounts for 45% of the PPP market.
- The majority of PuPs are in North America and Asia, specifically in the United States and India. The United States had the majority of PuPs in the space sector and India has the majority of PuPs in the utilities sector.
- The United States accounts for 53% for the PuP market and India accounts for 29% of the PuP market.

Conclusion

PPPs or PuPs are highly context specific. Furthermore, PPPs far outnumber PuPs in the areas researched, the latter being a natural outgrowth of the success of PPPs. Regardless, some generalities were gleaned from both of these types of partnerships,. Overall, if developed and managed correctly with risks understood, public agencies can and should consider partnerships for their strategic growth and management plans.

References are available upon request

